



COUNTY OF LOS ANGELES

Public Health

JONATHAN E. FIELDING, M.D., M.P.H.
Director and Health Officer

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Chief Deputy Director

Alcohol and Drug Program Administration

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October 5, 2007

TO: Pat Miller, Deputy
Second Supervisorial District

Carol Kim, Deputy
Third Supervisorial District

Richard Espinosa, Deputy
Fourth Supervisorial District

FROM: Patrick L. Ogawa, Director
Alcohol and Drug Program Administration

SUBJECT: **CIRCLE OF FRIENDS OUTPATIENT SERVICES, INC. –
SUSPENSION OF COUNTY CONTRACT**

On July 18, 2007, the State Department of Alcohol and Drug Programs (SDADP) temporarily suspended and deactivated Circle of Friends' license and certification in accordance with Welfare and Institutions Code, Section 14043.36(a) effective August 6, 2007. This section provides for a temporary suspension where a Drug Medi-Cal (DMC) certified provider is under investigation for fraud or abuse, by the Department of Health Services (DHS), or a state, local, or federal law enforcement agency. This suspension applied to Provider Number 7017.

This is to inform you that on September 17, 2007, SDADP temporarily suspended the remaining provider numbers assigned to this agency effective October 2, 2007. Therefore, the certifications for all of this agency's sites are now temporarily suspended. The sites are in the following Supervisorial Districts:

Second District-	Provider Number 6956	5229 West Washington Boulevard, Suite 203 Los Angeles, California 90038
	Provider Number 7017	4350 11 th Avenue (Satellite Site) Los Angeles, California 90008
Third District-	Provider Number 7017	715 North Ridgewood Place (Parent Site) Los Angeles, California 90038
Fourth District-	Provider Number 7065	2429 Pacific Avenue Long Beach, California 90806

Pat Miller, Carol Kim, and Richard Espinosa
October 5, 2007
Page 2

We are suspending County Contract No. H-701162 with Circle of Friends Outpatient Services, Inc. Paragraph 1, TERM, of Agreement No. H-701349 allows the County to "terminate and/or suspend this Agreement immediately upon the occurrence of any of the following events:...(5) Contractor fails to obtain and maintain in effect, without suspension or any restriction, all licenses, permits and/or certifications, as required by all federal, State, and local laws, ordinances, regulations, and directives, which are applicable to Contractor's facility(ies) and services under this Agreement." The effective date of the suspension was August 6, 2007 for Exhibit A, and October 2, 2007 for Exhibit B. These dates correspond with the State's suspension of the applicable Provider Numbers. Alcohol and Drug Program Administration worked with the provider to transfer County patients to other licensed DMC providers. Attached are copies of the State's notices of temporary suspension to Circle of Friends.

We will continue to monitor the status of this agency's certification with the State Department of Alcohol and Drug Programs. We will also keep County Counsel advised on new developments, and seek guidance on appropriate actions we need to take as issues arise.

If you have any questions or need additional information, please let me know.

PLO:dhd

Attachments

c: Sheila Shima
Alisa Katz
David Ryu
Eva Vera
Board Relations ✓
Jonathan E. Fielding, M.D., M.P.H.
John F. Schunhoff, Ph.D.

**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS**

1700 K STREET
SACRAMENTO, CA 95811
TDD (916) 445-1942
(916) 322-9897

Express Mail: EB 136233027 US

September 17, 2007

Steve Proshak
Executive Director
Circle of Friends
Outpatient Services, Inc.
715 North Ridgewood Place
Los Angeles, California 90038

Re: Notice of Temporary Suspension of Drug Medi-Cal Provider Numbers 6956
and 7065

Dear Mr. Proshak:

The Department of Alcohol and Drug Programs (ADP), Drug Medi-Cal (DMC) Program, by this Notice, is temporarily suspending and deactivating your Medi-Cal provider numbers noted above, issued to Circle of Friends Outpatient Services, Inc., (Circle of Friends) in accordance with Welfare and Institutions (W&I) Code Section 14043.36(a). This section provides for a temporary suspension where a DMC certified provider is under investigation for fraud or abuse, by the Department of Health Services (DHS), or a state, local, or federal law enforcement agency. It also provides for the suspension of all DMC provider numbers.

On July 16, 2007, ADP issued a temporary suspension of DMC Provider Number 7017 issued to the Circle of Friends located at 715 North Ridgewood Place, Los Angeles, California 90038, and the affiliated satellite sites. This suspension is based on the fact that a fraud investigation under W&I Code Section 14043.36(a) has been opened, which is based on the Drug Medi-Cal complaint investigation report dated April 11, 2006, issued by ADP.

W&I Code Section 14043.36(a) provide that when a temporary suspension is issued against a provider (Circle of Friends), that suspension "...shall include temporary deactivation of all provider numbers used by the provider to obtain reimbursement from the Medi-Cal program." Therefore, based on the temporary suspension issued by ADP on July 16, 2007, ADP is suspending all DMC provider numbers issued to the Circle of Friends. In the event Circle of Friends holds other Medi-Cal provider numbers, those



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<http://www.flexyourpower.ca.gov>

providers' numbers are within the jurisdiction of the Department of Health Services, which would issue any notice suspension of those numbers.

This temporary suspension will take effect on October 2, 2007, which is 15 days from the date of this notification, in accordance with Welfare and Institutions Code, Section 14043.36(b). During the time Circle of Friends is suspended from the DMC. This suspension includes the following DMC certified program sites:

DMC Certification Number 6956
Circle of Friends
Outpatient Services, Inc.
5229 West Washington Boulevard, Suite 203
Los Angeles, California 90038

DMC Certification Number 7065
Circle of Friends
Outpatient Services, Inc.
2429 Pacific Avenue
Long Beach, California 90806

Appeal Rights

If you disagree with this action, you have the right to appeal the temporary suspension and deactivation pursuant to Welfare and Institutions Code, Section 14043.65. This appeal procedure does not include a formal administrative hearing under the Administrative Procedure Act. Also, an appeal will not result in the reactivation of any deactivated provider number(s) during the appeal process. If you decide to appeal the temporary suspension and deactivation, you must submit a written appeal including all pertinent documents and all other relevant evidence for consideration within **60 days of the date of this Notification letter**. Please submit your **original appeal request, all pertinent documents and all other relevant written evidence to:**

Office of Administrative Hearings and Appeals
Department of Health Services
1029 J Street, Suite 200
Sacramento, California 95814

Please also submit a copy of your appeal request, all pertinent documents, and all other relevant written evidence to:

Rebecca Lira, Deputy Director
Department of Alcohol and Drug Programs
Licensing and Certification Division
1700 K Street, 3rd Floor
Sacramento, California 95814

Steve Proshak, Executive Director
September 17, 2007
Page 3

Upon receipt of all pertinent documents and all other relevant evidence supporting an appeal, the Director of the Department of Health Care Services (DHCS, or the Director's designee within the DHCS, Office of Administrative Hearings and Appeals, shall review all the relevant materials submitted and shall issue a decision within 90 days of the receipt of the appeal. This decision shall be final. Any further appeal must be filed in Superior Court in accordance with Section 1085 of the Code of Civil Procedure.

This temporary suspension and deactivation will continue until the Director of DHS determines that you are no longer under investigation for fraud and abuse, or after legal proceedings related to the alleged fraud or abuse is completed.

Please be advised that the submission of claims for services, which were not provided as claimed, are not reimbursable under the DMC Program, or which were claimed in violation of an agreement with the State, may subject the Circle of Friends to Civil money penalties in accordance with Welfare and Institutions Code, Section 14123.2 and/or Section 14123.25.

If you have any questions, please contact Joy Jarfors, Manager of the Program Compliance Branch at (916) 322-7933.

Sincerely,

REBECCA LIRA
Deputy Director
Licensing and Certification Division

Enclosure

Steve Proshak, Executive Director
September 17, 2007
Page 4

cc: Patrick Ogawa, Chief
Los Angeles County Alcohol and Drug Programs

Russell Chee, Special Agent
Department of Justice

Michael Estrada, Supervising Investigator
Department of Health Services
Audits and Investigations Division

Joy Jarfors, Manager
Program Compliance Branch
Licensing and Certification Division

Michael Ellison, Manager
Field Operations Branch
Licensing and Certification Division

Joan Robbins, Manager
Policy and Program Support Branch
Licensing and Certification Division

Susan King, Manager
Fiscal Management and Accountability Branch
Program Services Division

William Rose, Staff Counsel
Legal Services Branch

Gladys Mitchell, Supervisor
Program Compliance Branch
Licensing and Certification Division

**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS**

1700 K STREET
SACRAMENTO, CA 95814-4037
TDD (916) 445-1942
(916) 322-9897

Express Mail Number: EB 136232857 US

July 16, 2007

Steve Proshak
Executive Director
Circle of Friends
Outpatient Services, Inc.
715 North Ridgewood Place
Los Angeles, California 90038

Re: Notice of Temporary Suspension of Drug Medi-Cal Provider Number 7017

Dear Mr. Proshak:

The Department of Alcohol and Drug Programs (ADP), Drug Medi-Cal (DMC) Program, by this Notice, is temporarily suspending and deactivating your Medi-Cal provider number noted above in accordance with Welfare and Institutions Code, Section 14043.36(a). This section provides for a temporary suspension where a DMC certified provider is under investigation for fraud or abuse, by the Department of Health Services (DHS), or a state, local, or federal law enforcement agency.

In this case, the California Department of Justice has opened an investigation. In the event Circle of Friends holds other Medi-Cal provider numbers, those providers' numbers are within the jurisdiction of the Department of Health Services, which would issue any notice of suspension for those numbers. The investigation by the Department of Justice is based on the Drug Medi-Cal complaint investigation report dated April 11, 2006 (report enclosed). The review revealed evidence of possible fraudulent billings for DMC services.

This temporary suspension will take effect on August 6, 2007, which is 15 working days from the date of this notification, in accordance with Welfare and Institutions Code, Section 14043.36(b). During the time you are temporarily suspended from the DMC Program, services rendered by you may not be billed to the program, either by you or by anyone else, and no business owned by you under the DMC provider number may bill the DMC Program. This includes the following DMC certified program sites:



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For energy saving tips, visit the Flex Your Power website at
<http://www.flexyourpower.ca.gov>

Steve Proshak, Executive Director
July 16, 2007
Page 2

Circle of Friends
Outpatient Services, Inc.
715 North Ridgewood Place
Los Angeles, California 90038

Circle of Friends
Outpatient Services, Inc.
Quality Time, Inc.
4350 11th Avenue
Los Angeles, California 90006

Appeal Rights

If you disagree with this action, you have the right to appeal the temporary suspension and deactivation pursuant to Welfare and Institutions Code, Section 14043.65. This appeal procedure does not include a formal administrative hearing under the Administrative Procedure Act. Also, an appeal will not result in the reactivation of any deactivated provider number(s) during the appeal process. If you decide to appeal the temporary suspension and deactivation, you must submit a written appeal including all pertinent documents and all other relevant evidence for consideration within **60 days of the date of this Notification letter**. Please submit your **original appeal request, all pertinent documents and all other relevant written evidence to:**

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Rebecca Lira, Deputy Director
Department of Alcohol and Drug Programs
Licensing and Certification Division
1700 K Street, 3rd Floor
Sacramento, California 95814

Upon receipt of all pertinent documents and all other relevant evidence supporting an appeal, the Director of DHS, or the Director's designee within the DHS, Office of Administrative Hearings and Appeals, shall review all the relevant materials submitted and shall issue a decision within 90 days of the receipt of the appeal. This decision shall be final. Any further appeal must be filed in Superior Court in accordance with Section 1085 of the Code of Civil Procedure.

Steve Proshak, Executive Director
July 16, 2007
Page 3

This temporary suspension and deactivation will continue until the Director of DHS determines that you are no longer under investigation for fraud and abuse, or after legal proceedings related to the alleged fraud or abuse is completed.

Please be advised that the submission of claims for services, which were not provided as claimed, are not reimbursable under the DMC Program, or which were claimed in violation of an agreement with the State, may subject you and/or your organization to Civil money penalties in accordance with Welfare and Institutions Code, Section 14123.2 and/or Section 14123.25.

If you have any questions, please contact Joy Jarfors, Manager of the Program Compliance Branch at (916) 322-7933.

Sincerely,

REBECCA LIRA
Deputy Director
Licensing and Certification Division

Enclosure

Steve Proshak, Executive Director
July 16, 2007
Page 4

cc: Patrick Ogawa, Chief
Los Angeles County Alcohol and Drug Programs

Daniel Torres, Special Agent
Department of Justice

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Field Operations Branch
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Joan Robbins, Manager
Policy and Program Support Branch
Licensing and Certification Division

Susan King, Manager
Fiscal Management and Accountability Branch
Program Services Division

William Rose, Staff Counsel
Legal Services Branch

Gary Goethe, Supervisor
Drug Medi-Cal Monitoring Section
Licensing and Certification Division